

**Hearst Ranch Conservation Transaction**

**REALIGNMENT AREA TRANSACTION**

***Overview of Proposed Key Terms***

***prepared by Caltrans and State Parks staff***

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This component of the overall conservation transaction will allow realignment of Highway 1, within the approximately 518 acre area depicted on the attached Realignment Area Map (the "Realignment Area"), in accordance with the transaction parameters outlined below.

The transaction will also allow the area under the current Highway 1 alignment (110 acres) now owned by Hearst, to come into public ownership after realignment, rather than be returned to Hearst unrestricted. The 110 acre area, absent this transaction, would revert to Hearst without development restrictions upon future realignment of Highway 1.

The 518 acre area will accommodate a long-term realignment solution for Highway 1 that will reduce the need for future coastal armoring and the cost and inconvenience of doing piecemeal realignments.

Before and after any realignment is completed, the uses of the Realignment Area will be restricted under one or more conservation easement instruments. After the realignment, both the area under the current alignment and the Realignment Area west of the new alignment will allow public access consistent with the conservation easements. The Realignment Area transaction is currently proposed as follows:

1. Hearst will convey the East Side Easement to ALC/CRT, which will encumber approximately 80,000 acres of the Hearst Ranch located on the east side of the current alignment of Highway 1, including the Realignment Area.
2. Concurrently, Hearst will record an irrevocable offer to dedicate ("IOD") to Caltrans the following property interests:
  - a. 100 foot wide fee right of way area anywhere within the Realignment Area.
  - b. Conservation Easement with same restrictions as West Side Scenic Conservation Easement over:
    - (1) Realignment Area west of any future realignment; and
    - (2) Area under current Highway 1

c. The right for Caltrans to designate the then-owner of the Public Ownership Conservation Area (currently designated to be State Parks) to receive a fee interest gift deed from Hearst for both the land west of the new Highway 1 realignment Right of Way within the Realignment Area and the area under the current Hwy 1 alignment, subject to the West Side Scenic Conservation Easement (the Caltrans TEA easement).

3. The IOD would be accepted upon completion of the new alignment. At that time, through an escrow, the following would be recorded in the following proposed sequence:

a. Caltrans will quitclaim its current easement under the current alignment (per requirements of existing Hearst/Caltrans agreements).

b. Hearst, by gift deed, will grant to Caltrans a new scenic conservation easement over the current alignment and over the Realignment Area west of the new alignment.

c. Hearst, by gift deed, conveys fee for highway purposes the new 100 foot wide alignment (which would still be subject to the East Side Easement)

d. Hearst will, by gift deed, convey the fee interest in the Realignment Area west of the new alignment and the fee under the current highway to the entity designated by Caltrans.

4. A separate right-of-way agreement would clarify that the current obligations to the old highway to a natural state and quitclaim the old highway easement to Hearst upon realignment remain in effect. The right of way agreement would assure Hearst access on both sides of the new alignment within the Hearst Ranch and that Hearst retains rights for utilities. The right-of-way agreement would also give Caltrans limited and temporary rights of entry for design and construction of the new highway alignment.